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No. 97-1177

In The

Supreme Court of the United States

October Term, 1997

E.J. COMPANY, VIRA HAYES
AND
ROBERT HAYES,

Petitioners,

v.

SANDVIK AKTIEBOLAG,

Respondent.

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

MOTION FOR LEAVE TO FILE BRIEF OF AMICUS CURIAE AND BRIEF OF AMICUS CURIAE OF THE TOOL CRIB, INC. IN SUPPORT OF E.J. COMPANY, VIRA HAYES AND ROBERT HAYES, PETITIONERS

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MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

The Tool Crib, Inc., ("Tool Crib"), hereby respectfully moves for leave to file the attached brief amicus curiae in support of the Petitioners, E. J. Company, Vira Hayes and Robert Hayes, Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit. Petitioners' counsel has consented to the filing of the amicus curiae brief. Following written request by Tool Crib, counsel for the Respondents refused to grant Tool Crib permission to file the amicus curiae brief stating that the Respondent "does not believe that the Tool Crib's interest, if any, warrants submission of an amicus curiae brief in this case."

At issue before this Court is a threshold substantive patent issue as to whether the repair and replacement of an unpatented element of a patented product constitutes a permissible repair or an impermissible reconstruction of a patented product resulting in a patent infringement. Tool Crib asserts that this motion is well founded. The decision by the United States Court of Appeals for the Federal Circuit (hereinafter "Federal Circuit"), in *Sandvik Aktiebolag v. E. J. Company, Vira Hayes and Robert Hayes*, 121 F.3d 669 (Fed. Cir. 1997), reversing the grant of summary judgment rendered in favor of E.J. Company by the United States District Court for the Eastern District of Tennessee, reported at 930 F.Supp. 306 (E.D. Tenn. 1996), directly conflicts with this Court's opinion in *Aro Mfg. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (hereinafter *"Aro I"*) and should be reversed.

This Motion for Leave to File the Amicus Curiae Brief should be granted because Tool Crib has a succinct interest in the reversal of the Federal Circuit decision and is positioned to present arguments on this matter not addressed by the Petitioners which will be of considerable help to the Court. Specifically, the Tool Crib wishes to address the need for this Court to grant the Writ of Certiorari and examine the substantive patent law issue in order to restore a sense of certainty to the industrial tool industry.

The issue presented for the Court's consideration and the resolution thereof directly impacts the economic fortunes and long-term business prospects of Tool Crib and all other similarly situated industrial tool sellers and repairers.

Tool Crib is a commercial seller of the various industrial cutting tools, abrasives, gauges, coolants, and carbides, including the Sandvik Coromant drill which is at issue in this action. Tool Crib markets and sells new industrial tools to individuals and companies. In addition, Tool Crib both repairs industrial tools and sells materials for repairing industrial tools.

The Respondent, Sandvik, manufacturers and sells various drills and other industrial tools. The Sandvik Coromant drill is composed of a shank and a drill tip. The shank of the drill is patented. The drill tip is not covered by any patent. The fact that the drill tip is not patented is known by Tool Crib and others in the industry.

Tool Crib markets and represents to prospective purchasers the qualities of industrial tools. The market for industrial tools is competitive. Many different types of

tools are on the market. A prime consideration in the purchase of industrial tools is the cost and useful life of the tool. The objective of a purchaser of an industrial cutting tool is to purchase a tool in which the drill tip, or cutting edge, does not wear down after only limited use. Nevertheless, it is inevitable that the cutting edge will wear down and need to be repaired by retipping the edge.

In selling the tools, Tool Crib must represent when a drill tip can be repaired. Certainty has existed in the industrial tool industry that if the drill tip is unpatented that it can be repaired even if the shank of the cutting device is patented. The drill tip of the Sandvik Coromant drill is not immune to wearing down and is routinely repaired provided that the patented shank of the drill is not damaged and fully usable. In fact, retipping of the drill tip of the Sandvik Coromant is regularly done with the approval, consent and at the request of Sandvik.

Tool Crib is uniquely positioned to bring to the attention of the Court relevant matter concerning the far reaching impact and the uncertainty caused in the industrial tool business resulting from the Federal Circuit decision. Tool Crib is directly affected by any decision altering the terms and conditions by which a manufacturer can preclude the repair of its product by extending its patent coverage to unpatented elements. The substantive doctrines of patent law must apply to all industry participants equally.

Thus, contrary to the respondent's position, Tool Crib, as an industrial tool seller and repairer, has a real interest in the determination of a significant threshold

patent issue of what constitutes permissible repair as opposed to impermissible reconstruction. The decision by the Federal Circuit overruling the Motion for Summary Judgment granted by the United States District Court for the Eastern District of Tennessee, places the rights of all businesses engaged in the commercial sale and repair of items capable of repair.

For the foregoing reasons, The Tool Crib, Inc., respectfully urges the Court to accept and file the enclosed brief amicus curiae in support of the petitioners, E.J. Company, Vira Hayes and Robert Hayes.

Respectfully submitted, this 12th day of February, 1998.

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INTEREST OF AMICUS CURIAE[1]

The Tool Crib, Inc., ("Tool Crib"), files this amicus curiae brief in support of the petitioners, E.J. Company, Vira Hayes and Robert Hayes ("E.J. Company"). Specifically, Tool Crib supports E.J. Company's position that the decision rendered by the United States Court of Appeals for the Federal Circuit (hereinafter "Federal Circuit"), in *Sandvik Aktiebolag v. E.J. Company, Vira Hayes and Robert Hayes*, 121 F.3d 669 (Fed. Cir. 1997), reversing the grant of summary judgment rendered in favor of E.J. Company by the United States District Court for the Eastern District of Tennessee, reported at 930 F.Supp. 306 (E.D. Tenn. 1996), directly conflicts with this Court's opinion in *Aro Mfg. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (hereinafter "*Aro I*") and should be reversed.

At issue before this Court is a threshold substantive patent issue as to whether the repair and replacement of an unpatented element of a patented product constitutes a permissible repair or an impermissible reconstruction of a patented product resulting in a patent infringement.

The issue presented for the Court's consideration and the resolution thereof directly impacts the economic fortunes and long-term business prospects of Tool Crib and all other similarly situated industrial tool sellers and repairers.

Tool Crib is a commercial retail seller of the various industrial cutting tools, abrasives, gauges, coolants, and

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[1] Amicus Brief Financed by The Tool Crib, Inc., a Tennessee Corporation.

carbides. In addition, Tool Crib both repairs industrial tools and sells materials to others to make such repairs. Specifically, Tool Crib sells and repairs the Sandvik Coromant drill and sells materials to others who repair this drill.

Tool Crib markets and represents to prospective purchasers the qualities of industrial tools. The market for industrial tools is competitive. Many different types of tools are on the market. A prime consideration in the purchase of industrial tools is the cost and useful life of the tool. The objective of a purchaser of an industrial cutting tool is to purchase a tool in which the drill tip, or cutting edge, does not wear down after only limited use. Nevertheless, it is inevitable that the cutting edge will wear down and need to be repaired by retipping the edge.

In selling the tools, Tool Crib must represent when a drill tip can be repaired. Certainty has existed in the industrial tool industry that if the drill tip is unpatented that it can be repaired even if the shank of the cutting device is patented. The drill tip of the Sandvik Coromant drill is not immune to wearing down and is routinely repaired provided that the patented shank of the drill is not damaged and fully usable. In fact, retipping of the drill tip of the Sandvik Coromant is regularly done with the approval, consent and at the request of Sandvik.

The Federal Circuit's decision diverts from the standards of *Aro I* and creates uncertainty in the industrial tool industry as to the standards used in determining when a repair of an unpatented element of a patented

product is permissible and when the repair is an unpatented element may not be repaired. Tool Crib is directly affected by any decision altering the terms and conditions by which a manufacturer can preclude the repair of its product by extending its patent coverage to unpatented elements.

When the terms and conditions by which a manufacturer can preclude a repair of its product beyond the protection of its patent, the Tool Crib is adversely affected. The substantive doctrines of patent law must apply to all industry participants equally.

Thus, based on the above, Tool Crib has an identifiable interest in supporting the Writ of Certiorari filed by E.J. Company seeking reversal of the decision rendered by the Federal Circuit Court.

INTRODUCTION AND SUMMARY OF ARGUMENT

Tool Crib submits this amicus curiae brief on the threshold patent issue of what constitutes permissible repair of an unpatented element in a patented entity. The decision by the court below contradicts the decision by this Court in *Aro I*. Specifically, the decision by the Federal Circuit below:

(1) ignores and contradicts the long-standing dictates established by this Court in *Aro I;*

(2) creates uncertainty in the industrial tool industry by effectively expanding the parameters for determining whether a reconstruction of a patented entity has

occurred by relying on factors not pronounced by this Court, including the intent of the patentee;

(3) threatens to hinder the strongly competitive and rapidly innovative fields of involving the sale and repair of industrial tools by creating uncertainty as to the extent to which repairs are permissible;

(4) unnecessarily interjects increased uncertainty as to the extent to which an unpatented part is deemed to be inherently protected in a patented element; and,

(5) opens the door for manufacturers to impose their superior economic strength on commercial retailers and repairers to lessen or eradicate the market for providing repair services or products thereby adversely affecting the buyer-user of the product.

This Court has previously resolved the issue of "repair vs. reconstruction" in *Aro I*, as follows: " . . . reconstruction of a patented entity, consisting of unpatented elements, is limited to such a true reconstruction of the entity as to 'in fact make a new article,' after the entity, viewed as a whole, has become spent." *Aro*, 365 U.S. at 346 (citations omitted). This Court's pronouncement has been the controlling law on whether a patentee could successfully prosecute an action for patent infringement against a purported repairer for impermissible reconstruction of a patented entity when a repair was made of an unpatented element of the patented entity.

The rule of *Aro I* creates safeguards and objective guideposts for determining permissible repair from

impermissible reconstruction. Based on the Federal Circuit's decision, numerous questions and uncertainty exists as to whether the doctrine of "repair vs. reconstruction" as pronounced by this Court in *Aro I* is still fully controlling. The decision finds an impermissible reconstruction even though the test for finding such a reconstruction under *Aro I* was not satisfied. This holding by the court raises the specter that the decision in *Aro I* no longer represents the substantive law on the issue of "repair vs. reconstruction" but simply sets forth factors that a court may consider when faced with this issue.

Due to its contravention and divergence from *Aro I*, the decision creates both uncertainty in the repair industry and other industry wide problems for entities, such as Tool Crib, which repair non-patented parts of industrial tools and sell materials used for such repairs. By contradicting *Aro I*, the decision creates wide latitude for patentees to institute actions for direct and, more importantly, contributory patent infringement actions against entities involved in the repairing of non-patented items and selling materials used in the repairs which under *Aro I* are considered to be frivolous.

Only through rigid application of the standards of substantive patent law established in *Aro I* can certainty exist in the repair industry as to what constitutes repair as opposed to reconstruction. Interjecting the subjective element of the intent of the patentee, as imposed by the court, creates an opportunity for a patentee to effectively extend its patent.

The decision by the court transcends the commercial tool industry and is not limited in its effect to the specific

drill tip of the respondent. The substantive doctrines of patent law must apply to all alleged reconstruction of patented entities in the same way. Repairers of all patented items, whether machines or tools, must be treated equally.

The decision by the court permanently alters the framework by which a claim for impermissible reconstruction of a patented entity is to be examined and improperly includes the subjective intent of the patentee. The decision by the court unquestionably contradicts this Court's pronouncements on the "repair vs. reconstruction" issue and should be reversed to conform with the long-standing and established holdings of this Court in *Aro I* and the prodigy of cases that have followed.

ARGUMENT

I. THE DECISION OF THE FEDERAL CIRCUIT DIRECTLY CONFLICTS PRIOR CASE LAW ON THE REPAIR VERSUS REPLACEMENT ISSUE.

This Court, in *Aro I*, firmly established the parameters of substantive patent law for determining the issue of whether the repair of an unpatented element of a patented entity constituted a permissible repair or impermissible reconstruction. See, *Aro I*, 365 U.S. at 342-345. The decision below finding an impermissible reconstruction of an unpatented element contradicts this Court's prior holding in *Aro I* and the other cases decided thereafter.

The Federal Circuit has expressed its opinion that the decision by this Court in *Aro I* constitutes "an expansive view of conduct that constitutes permissible repair of a

patented combination of unpatented element." *Sandvik*, 121 F.3d at 672; *Sage Products v. Devon Industries*, 45 F.3d 1575, 1578 (Fed. Cir. 1995). Regardless of the Federal Circuit's characterization of the standards for permissible repairs, this Court's holding in *Aro I* as to what constitutes a permissible repair is not an expansive view but is the substantive standard under applicable patent law.

The standards pronounced by this Court in *Aro I* are used on a daily basis by entities engaged in the industrial tool sale and repair business to determine whether a particular unpatented part of a patented entity can be repaired. Tool Crib operates in a segment of the economy where certainty in the interpretation and understanding as to the delineation of the extent of a patent on various components of industrial tools is essential and is an issue raised on a daily basis.

The competitive nature of the commercial industrial tool industry requires Tool Crib, as a commercial retailer, to market and sell industrial tools that have a long useful life and/or are capable of being repaired so as to increase the life of the tools. If uncertainty exists as to the possibility of repairing an unpatented element, Tool Crib, as a downstream seller, is significantly hindered in its ability to sell new tools. In the course of its business, Tool Crib must be able to determine the scope of any patent and then rely on the language of the patent in order to represent to a potential purchaser that a commercial tool can or cannot be repaired. If the determination as to the extent of a patent is to be based on judicially created factors on a case by case basis as advanced by the Federal Circuit, uncertainty would exist as to whether an unpatented element could be repaired until the close of any

litigation. Moreover, uncertainty would also exist as to what representations could be made in the initial sell of the industrial tool. Thus, without following the strict guidelines of *Aro I*, Tool Crib could not engage in repairs or sell materials to other repairers with any certainty as to whether they were directly or indirectly infringing upon a patent.

Whether the Federal Circuit considers this Court's holding in *Aro I* to be a "expansive view" is irrelevant. The Federal Circuit's description of this Court's view of permissible repair as "expansive", does not grant to the Federal Circuit an unfettered license to create its own new standards for determining this issue whenever it feels necessary. The standards promulgated by this Court in determining what constitutes a permissible repair as opposed to impermissible reconstruction are not open to interpretation, limitation or modification by the Federal Circuit but must be followed so as to uphold the substantive patent laws applicable to all entities.

In analyzing the Federal Circuit's decision reversing the grant of summary judgment to E.J. Company, it is clear that the Federal Circuit does not follow the guidelines of *Aro I* but rather seems to overrule them.

The teachings of *Aro I* provide that in dealing with the "repair vs. reconstruction" issue that "[n]o element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly, however essential it may be to the patented combination and no matter how costly or difficult replacement may be." *Aro I*, 365 U.S. at 345.

In addition, in *Aro I*, this Court rejected the "heart of the invention test" as the distinguishing factor in determining whether a repair was in fact an impermissible reconstruction. *Aro I*, 365 U.S. at 344-45. In rejecting the "heart of the invention test", this Court held that a replacement of a distinguishing part of the patented combination does not amount to a reconstruction because a patent covers a totality of the elements in a patented combination. *Id.*; see also, *Dawson Chemical Company v. Rohm & Haas Co.*, 448 U.S. 176, 217 (1980) (this Court has "eschewed the suggestion that the legal distinction between 'reconstruction' and 'repair' should be affected by the element of the combination that has been replaced is 'essential' or 'distinguishing' part of the invention.") (citing *Aro I*, 365 U.S. 344); *Sage Products*, 45 F.3d at 1577 ("The size or relative importance of the replacement part to the patented combination is not relevant when determining whether conduct constitutes repair or replacement"); *Everpure, Inc. v. Cuno, Inc.*, 705 F. Supp. 725 (D. Conn. 1988) (In determining patent infringement under the repair doctrine, courts do not distinguish between repair and reconstruction merely because of the significance of the cost to replace the repair item or because of the duration of the item. Reconstruction only occurs when a new article is made.)

The Federal Circuit did not find a reconstruction by E.J. Company. At most, the Federal Circuit relied on the "heart of the invention test" and extended patent protection to an unpatented element. The basic parameters of the "repair vs. reconstruction" issue under *Aro I* were ignored and court clearly stepped outside the bounds of

Aro I to find that the replacement of the drill tip by E.J. Company constituted a reconstruction.

Moreover, the Federal Circuit focused on the following impermissible factors: (1) whether the drill tip, although unpatented, was essential to the patented combination; (2) the cost of retipping the drill; (3) the difficulty and time involved in retipping the drill; and (4) whether the drill tip was the distinguishing part of the patented combination, thus adopting an analysis under the "heart of the invention test".

Specifically, in its opinion, the court opined that "there are a number of factors to consider in determining whether a defendant has made a new article, after the device has become spent, including the nature of the actions by the defendant, the nature of the device and how it is designed (namely, whether one of the components of the patent in combination has a shorter useful life than the whole), whether a market has developed to manufacture or service the part at issue and objective evidence of the intent of the patentee." *Sandvik*, 121 F.3d at 673.

The factors relied upon by the court in holding that E.J. Company reconstructed the patent are not supported by any legal authority. The factors deemed relevant and material by the Federal Circuit are restatements of the elements this Court found not to be relevant in *Aro I*. *Aro I*, 365 U.S. at 344-45; see also, *Dawson Chemical Company v. Rohm & Haas Company*, 448 U.S. at 217; *Sage Products*, 45 F.3d at 1577.

The decision below fails to make any finding that E.J. Company reconstructed a patented entity, consisting of

unpatented elements and therefore actually made a new article as required by *Aro I. Aro*, 365 U.S. at 346. In fact, the Federal Circuit focused on the type of repairs performed, the cost and time involved and whether the patentee intended for the drill tip to be repaired. The only conclusion to draw from the decision is that the elements deemed not relevant by this Court were adopted by the Federal Circuit contrary to the standards of *Aro I.* The Federal Circuit therefore suggests that the *Aro I* standards are not now mandatory when examining the issue of whether an impermissible reconstruction has occurred.

Of all the unsubstantiated factors utilized by the Federal Circuit, the factor that creates the greatest concern is the Federal Circuit's finding that an impermissible reconstruction occurred because "no intent was evidenced by the patentee that would support E.J.'s argument that replacement of the tips is a repair". *Sandvik*, 121 F.3d at 674. The finding by the Federal Circuit that Sandvik did not intend the drill tip to be repaired conflicts with the business operations of Sandvik. As shown in Appendix A hereto, Sandvik itself markets regrinding software for its Coromant drill and encourages entities to regrind the drill tips. See, Appendix A.

Further, the opinion of the Federal Circuit that the patentee's intent is an element for determining whether an impermissible reconstruction occurred directly conflicts with *Hewlett Packard Co. v. Repeat-O-Type Stencil Manufacturing*, 123 F.3d 1445 (Fed. Cir. 1997).

In *Hewlett Packard*, the patent holder averred that the defendant infringed a patent by modifying the patented ink jet cartridge to make the cartridges refillable. The

plaintiff further asserted that removing the top of the ink jet cartridge to make the patented ink jet cartridges refillable constituted impermissible reconstruction and a direct patent infringement. *Hewlett Packard*, 123 F.3d at 1448-1451. The plaintiff petitioned the Federal Circuit to adopt and hold that the determination between permissible repair and impermissible construction turns on the intention of the patentee.

In refusing to adopt such an interpretation of patent law under *Aro I*, the Federal Circuit opined:

> The question is not whether the patentee at the time of sale intended to limit a purchaser's right to modify the product. Rather the purchaser's freedom to repair or modify its own property is overridden under the patent laws only by the patentee's right to exclude the purchaser from making a new patented entity. Each case turns on its own particular parts, but a seller's intent, unless embodied in an enforceable contract, does not create a limitation on the right of a purchaser to use, sell or modify a patented product as long as a reconstruction of the patented product as long as reconstruction of the patented combination is avoided. A non-contractual intention is simply the seller's hope or wish, rather than an enforceable restriction.

Hewlett Packard, 123 F.3d at 1453.

The holding of the Federal Circuit in *Hewlett Packard* and the holding rendered by the Federal Circuit in this matter cannot be reconciled. In the present case, the Federal Circuit held that the intent of the patentee not to have the drill tip repaired constituted the basis for determining that E.J. Company impermissibly reconstructed

the drill. Based upon the holding of *Hewlett Packard*, this factor is irrelevant and should not even be examined by the Court in determining whether an impermissible reconstruction has occurred.

The decision rendered by the Federal Circuit is not mandated by this Court's previous holdings since *Aro I*. The decision contradicts and conflicts with the long standing principles of substantive patent law guiding companies in the industrial tool business. By attacking this Court's decision in *Aro I* as an "expansive view" of the repair versus reconstruction issue, a precedent is established whereby other courts examining this issue will be able to fashion finds not based on *Aro I*. This will continually create uncertainty in the industrial tool industry.

The decision below grants patentees rights in excess of those granted under its patents. As such, the Writ of Certiorari should be granted and the decision of the Federal Circuit below should be reversed.

II. THE DECISION BY THE FEDERAL CIRCUIT BELOW UNDERMINES THE GOALS OF SUBSTANTIVE PATENT LAW.

The decision below is inconsistent with the underlying rationale of the patent law. The general premise of patent law is that the grant of a patent results in a quid pro quo exchange between the patentee and the public at large where each party receives a recognized benefit. Specifically, substantive patent law provides inventors/patentees with the power to exclude other inventors for a limited number of years control over that which they

have invented in return for the inventors disclosing their inventions to the public for their use, enjoyment or business pursuits. See, *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989). Should the decision of the Federal Circuit below not be reversed, this decision will sway the scale of the patent bargain providing patent holders with control over more than they invented and more than they disclosed, thus upsetting the "careful balance between the need to promote innovation and the imitation and refinement through imitation are both necessary to the invention itself and the very lifeblood of a competitive economy." *Bonito Boats, Inc.*, 489 U.S. at 146.

The decisions rendered by this Court have long recognized that uncertainty in substantive patent law sabotages the goal of encouraging innovation and raises the risk of experimentation by other inventors, business owners or entrepreneurs engaged in innovation. Without the certainty of substantive patent law establishing a clear limitation to the extent of a patent, other inventors seeking to explore the unpatented elements operate without fair notice as to what areas in which they may operate. It forces the inventors to risk punishing litigation and potential penalties. Patent law should allow businesses to make decisions as to the direction of research, development and services that they may offer and at the same time to limit the scope of protection given to an inventor's design.

The decision rendered by the Federal Circuit in this matter creates a real problem for the Tool Crib and others who could possibly be faced with an action for contributory infringement under 35 U.S.C. § 271(c). Under the teachings of *Aro I*, Tool Crib, as both the seller of carbide

blank tips for the replacement of drill tips and as a repairer, could ascertain whether its actions could be considered contributory of patent infringement.

In selling carbide blank tips, Tool Crib and others do not provide materials sufficient to create a new drill. Given the decision by the Federal Circuit, the selling of the materials used for the tipping would be deemed contributory infringement if the patentee did not intend for the unpatented element to be repaired. This creates tremendous uncertainty in the industrial tool industry that has been previously absent given the strict application of the *Aro I* standards.

In *Porter v. Farmers Supply Service, Inc.*, 790 F.2d 882 (Fed. Cir. 1986), Federal Circuit affirmed the District Court of Delaware's finding that a plaintiff, who sold a tomato harvester which incorporated a patented header, could not assert a contributory patent infringement claim against the seller of replacement discs which were used to repair the patented header. The Federal Circuit held that a permissible repair occurred when replacement discs were inserted to replace a spent disc because the repair simply restored the machine to operating quality. Thus, the seller of the replacement disc was not held liable for contributory/indirect infringement.

This analysis that allows for the repair of an unpatented element has been adopted by numerous courts dealing with the applicability of allegedly direct and contributory patent infringement. See, *Wilson v. Simpson*, 9 How. 109, 123, 13 L.Ed. 66 (1850) ("machines cutting knives could be replaced without violating the patent; purchaser is entitled to give duration to that which he

owns"); *Heyer v. Duplicator Mfg. Company*, 263 U.S. 100, 101, 44 S. Ct. 31, 32, 68 L.Ed. 189 (1923) (replacement of gelatin bands in a patented copying machine did not constitute reconstruction); *Danka Corporation v. American Precision Company, Inc.*, 827 F.2d 755, 759-60 (Fed. Cir. 1987) (replacement of component parts in patented heavy truck clutch because of wear was not reconstruction).

The industrial tool repair industry would be significantly hindered, if not completely eradicated, by the decision rendered by the Federal Circuit. Manufacturers, such as Sandvik, could at any point take the position that they did not intend for their product to be repaired enabling them to assert a direct patent infringement claim. This would effectively destroy the premise of a patent bargain. The actions of repairers would be effectively stymied. The patent bargain contemplates "the attractiveness of such a bargain and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a back drop of free competition and exploitation of unpatented designs and innovations." *Bonito Boats*, 489 U.S. at 151.

The decision by the Federal Circuit creates a wide and unpredictable gap in the patent bargain, to the detriment of the engineering and commercial business community, and therefore the public, by providing patent holders with windfalls they could not have expected and therefore did not rely on in choosing to disclose their patented products.

CONCLUSION

The Federal Circuit has created confusion on the "repair vs. reconstruction" issue and opened the door for expansive litigation as to all retailers of materials for carbide tips and other repair items and repairs in general. The decision rendered by this Court in *Aro I* limited such litigation. Based on the Federal Circuit decision an entity such as Tool Crib can actually be brought in as a contributory infringer without having any knowledge as to what constitutes a repair versus reconstruction.

As set forth by the Petitioners, if this matter is not reversed, patent protection will extend to unpatented parts of a patent combination. This creates considerable confusion to entities such as Tool Crib who might be dealing with the issue of repair and also in dealing with commercial sales. The economic impact could eventually stretch all the way down the line to consumers who will be faced with a monopoly type situation in which the manufacturer, such as Sandvik, can dictate when and where it would allow any replacement or repair of its items thus taking away a significant amount of business from Tool Crib and related entities. As shown in Appendix A hereto, Sandvik has in fact already started to attempt to eliminate the repair industry.

WHEREFORE, based on the foregoing, Tool Crib, respectfully prays that the Petition for Writ of Certiorari should be granted and that the decision of the Federal Circuit be reversed.

Respectfully submitted,

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February 12, 1998

[LOGO] MARKETING MEMO

Number 97 - 28 **September 11, 1997**

Sandvik Coromant Delta Drill Regrinding Software for Walter Helitronic Power Grinding Machines

Sandvik Coromant and Walter Grinder, Inc. have developed a software program to completely regrind the geometry for the Sandvik Coromant Delta drill. Sandvik Coromant has certified that the regrind from the software program meets all specifications. This software was developed to completely regrind the Sandvik Coromant Delta geometry including the negative chamfer, or K-land, as it is commonly called.

Associated Costs

This software program is acquired from Walter Grinder, Inc. Any charges associated with the acquisition of the program are the result of Walter Grinder, Inc. policies, Sandvik Coromant's role has been for development purposes only. Walter Grinder, Inc. has sole responsibility for after-market sales and service of the software.

For questions and inquiries, please contact Rick Martin, Product Manager, Metalworking Machines, at Walter Grinder, Inc. at 540-891-4214.

Approved vs. Authorized

If a grinding shop obtains and uses the approved Walter grinding program, this does not certify the grinding shop as an authorized grinding source. However, it does give

the grinding shop the ability to correctly grind the Sandvik Coromant Delta drill. In order the become an authorized grinding source, the grinding shop should contact Sandvok Coromant Product Management in Fair Lawn.

Authorized Recoating Service

Sandvik Coromant has worked exclusively with Balzers Tool Coating, Inc. in Elgin, Illinois, to duplicate the cleaning and coating processes used in manufacturing the Sandvik Coromant Delta drill. For quality results, better coating adhesion, and consistent performance, Balzers Tool Coating, Inc. in Elgin, Illinois is Sandvik Coromant's authorized Recoating Service.